

MEETING: 10 MAY 2018

MINUTES OF PREVIOUS MEETING

Minutes of the 445th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 12 April 2018, at 10.15am

PRESENT: Graham Sharp (Chair)
Sandy Cumming
Alan Campbell
Sheila Gunn
Ronnie Hinds
Tim McKay
Stephen Moore
Pauline Weetman

IN ATTENDANCE: Rikki Young, Business Manager, PABV (acting Secretary to the Commission)
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Elaine Boyd, Assistant Director, Appointment and Assurance Team [Item 11]
Derek Hoy, Audit Officer, PABV [Item 13]
Mark McCabe, Audit Manager, PABV [Item 9]
Diane McGiffen, Chief Operating Officer, Audit Scotland [Item 12]
Paul O'Brien, Senior Manager, Professional Support Team [Item 11]
Peter Worsdale, Audit Manager, PABV [Item 13]
David Martin, Chair, Local Government Benchmarking Framework Project Board [Item 8]
Emily Lynch, Programme Manager - Performance Management and Benchmarking, Improvement Service [Item 8]

Item No Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 8 March 2018
5. Audit Scotland Board update
6. Update report by the Secretary to the Accounts Commission
7. Update report by the Controller of Audit
8. Local Government Benchmarking Framework
9. National Scrutiny Plan
10. How councils work
11. Revised form of independent auditor's reports
12. Audit Scotland strategic planning update
13. Performance audit: draft report – councils' use of arms-length external organisations
14. Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig and Geraldine Wooley.

2. Declarations of interest

The following declarations of interest were made:

- Alan Campbell, in item 13, as a former chief executive of Aberdeenshire Council, in relation to references to Aberdeenshire Council
- Sandy Cumming, in item 6, as a close family member is employed in relation to early learning and childcare policy, in relation to references to the Scottish Government and COSLA consultation on the early learning and childcare model for 2020.
- Sheila Gunn, in item 7, as Vice-Chair of the Wheatley Group and previous involvement in the establishment of the Edinburgh Leisure arm's-length external organisation.
- Ronnie Hinds, in item 8, as a former chair of the project board of the Local Government Benchmarking Framework, and item 13, as a former Chief Executive of Fife Council, in relation to references to Fife Council.

3. Decisions on taking business in private

It was agreed that the following items be taken in private:

- Item 12 is a discussion on matters relating to the Commission's relationship with Audit Scotland, which may involve confidential issues which the Commission would wish to consider in private.
- Item 13 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 14 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 14 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 8 March 2018

The minutes of the meeting of 8 March 2018 were approved as a correct record.

Arising therefrom, the Commission noted advice from the Controller of Audit:

- That, in relation to items 4 and 7 of the minutes, further information on the General Data Protection Regulation, and public sector pay rises was included the Commission Secretary's update report.
- That, in response to a query from Tim McKay, he would provide the further information to the Commission on the implications of the General Data Protection Regulation as it applies to councils.

Action: Controller of Audit

5. Audit Scotland Board update

The Commission considered a report by the Secretary providing an update on the business of the Audit Scotland Board.

During discussion, and having noted a verbal update from the Chair on recent Audit Scotland Board activity, the Commission noted advice from the Director of PABV that:

- The results of Audit Scotland's Best Companies staff survey will be shared electronically with Commission members.
- Commission members will be invited to attend the next Audit Scotland all-staff conference.

Action: Secretary and Director of PABV

Thereafter, the Commission noted the report.

6. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission noted advice from the Director of PABV that:

- In relation to paragraphs 4 to 7, in response to a query from Ronnie Hinds, that he will discuss with the Audit Scotland Communications Team options for the provision to members of additional post publication media coverage summaries.
- In relation to paragraph 79, in response to a query from Ronnie Hinds, that Audit Scotland is considering the National Audit Office report 'Good practice in annual reports' as part of ongoing programme development and audit quality work.
- In relation to paragraph 90, in response to a query from Tim McKay, that further information be provided on any Barnett consequential arising from the additional funding provided to councils in England for the repair of potholes

Actions: Director of PABV

Following discussion, the Commission noted the report.

7. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

8. Local Government Benchmarking Framework

The Commission considered a report by the Secretary introducing a discussion with representatives of the Local Government Benchmarking Framework (LGBF) Project Board.

The Chair welcomed David Martin, Chair of the LGBF Project Board, and Emily Lynch, Programme Manager - Performance Management and Benchmarking, Improvement Service, who undertook a presentation in this regard.

Following discussion, the Commission:

- Noted the trends, key issues, and LGBF Board strategic priorities as outlined within the presentation.
- Noted the progress of the LGBF project, particularly in relation to the areas of particular interest to the Commission as set out in paragraph 7 of the report by the Secretary.
- Noted the initial observations of the LGBF Board representatives in relation to councils' performance against the Commission's statutory performance information Direction.
- Noted the following advice from the representatives of the LGBF Board arising from points raised by Commission members:
 - That progress in relation to customer satisfaction measures remains a priority for the Board
 - That the Improvement Service is taking forward work with councils, including seeking their views on how it is used, to support their understanding of benchmarking data and prioritisation of improvement activity
 - That the delivery models and funding sources for services (e.g. ALEOs) are discussed with benchmarking groups..
 - That the data in relation to home care is an area worthy of further analysis..
 - That the Board is aiming for a better balance between input, output and outcome indicators..
 - That broader community planning indicators need to be considered in addition to the LGBF indicators for contextual information relating to performance.
- Agreed that the Chair, Deputy Chair and Secretary discuss further with the LGBF Board:
 - Better use of Improvement Service data and analysis in Accounts Commission reports.
 - Thematic and longer term comparative trend analysis of performance.
 - The extent to which the framework and LGBF annual report informs strategic decision making in local government.

Action: Secretary

Thereafter, the Chair thanked David Martin and Emily Lynch for their presentation and the subsequent discussion.

9. National Scrutiny Plan

The Commission considered a report by the Director of PABV providing the Strategic Scrutiny Group's (SSG) National Scrutiny Plan (NSP) for Local Government 2018/19 for information.

Following discussion, the Commission noted the report.

10. How councils work

The Commission considered a report by the Director of PABV inviting the Commission to select an appropriate topic for a report in the *How Councils Work* series to be published during 2018/19.

During discussion, the Commission agreed:

- To note advice from the Director of PABV, in relation to paragraph 11, that the Improvement Service has now published its paper on effective scrutiny

Following discussion, the Commission agreed:

- To proceed with a *How Councils Work* report on managing risks through internal control, combined with principles of effective scrutiny.
- That the draft scope for this work be presented to the Performance Audit Committee at its June meeting.

Action: Director of PABV

11. Revised form of independent auditor's reports

The Commission considered a report by the Assistant Director, Appointments and Assurance Team, on the revised form of independent auditor's reports in respect of local authorities, local authority pension funds and section 106 charities from 2017/18.

Following discussion, the Commission:

- Noted that consideration will be given to applying the ISA 700 requirements in relation to 'public interest entities' to all local authority reports from 2018/19.
- Approved the model independent auditor's reports for local authorities, local authority pension funds and section 106 charities.

12. Audit Scotland strategic planning update [in private]

The Commission considered a report by the Chief Operating Officer of Audit Scotland on Audit Scotland's strategic planning process, operating environment, and key audit and organisational priorities.

During discussion, the Commission:

- Noted advice from the Chief Operating Officer on Audit Scotland's approach to:
 - The impact of departure from the EU on specific aspects of European funding related audits
 - Workforce planning, staff development and recruitment
 - The 'Year of young people 2018'.

Following discussion, the Commission:

- Noted Audit Scotland's strategic planning process and priorities.
- Noted that the discussion will inform a range of strategies and plans.

13. Performance audit: draft report – councils’ use of arms-length external organisations [in private]

The Commission considered a report by the Director of PABV proposing the draft report on the performance audit on councils’ use of arms-length external organisations (ALEOs).

During discussion, the Commission agreed to:

- Approve the draft report, subject to the audit team considering points raised in conjunction with the sponsors of the report, Tim McKay and Stephen Moore, and the Chair and Deputy Chair of the Commission.
- Approve the publication and promotion arrangements for the report.

Actions: Director of PABV and Secretary

14. Commission business matters

The Chair, having advised that there was no business for this item, closed the meeting.